

STATE OF SOUTH CAROLINA

Petition of South Carolina Electric & Gas Company
Requesting Accounting Order Related to Purchase of
Peaking Capacity and Associated Energy

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2008 - 21 - E

(Please type or print)

Submitted by: K. Chad Burgess

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



May 14, 2008

VIA ELECTRONIC FILING

The Honorable Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Petition of South Carolina Electric & Gas Company Requesting Accounting
Order Related to Purchase of Peaking Capacity and Associated Energy
Docket No. 2008-21-E

Dear Mr. Terreni:

By Order No. 2008-68 dated January 25, 2008, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") exempted South Carolina Electric & Gas Company's ("SCE&G" or "Company") proposed acquisition of a block of peaking capacity and associated energy (100 megawatts) for the summer of 2008 from the Request for Proposal guidelines that the Commission set forth in Order No. 2007-626. However, as part of Order No. 2008-68, the Commission ordered, "[a]t the conclusion of the transaction. . . SCE&G and ORS shall report the progress and results of the solicitation and award process to the Commission." This letter serves as SCE&G's report to the Commission.

After the Commission issued Order No. 2008-68, the Company solicited proposals from twenty-one (21) parties identified by SCE&G that may either own generating resources in the Southeast or may have contractual rights to generating resources located within the Southeast. SCE&G requested that proposals be submitted by February 15, 2008, in order to receive full consideration. As a result of its solicitation, SCE&G received nine (9) offers from various counterparties; however, one counterparty, whose offer was submitted subject to prior sale, withdrew its offer shortly after submission, thereby leaving eight (8) offers for evaluation.

In evaluating each bid, SCE&G considered the following factors: (i) source and product type (i.e., system firm vs. unit contingent); (ii) fixed capacity charges (including firm transmission required for delivery to SCE&G border); (iii) variable energy charges (including start charges, variable O&M, etc.); (iv) flexibility in scheduling (day-ahead and intra-day); (v) qualification as a Designated Network Resource under the SCE&G Open Access Transmission Tariff; (vi) reliability of fuel supply; and (vii) creditworthiness of potential counterparties (expectation of ability to perform).

After fully examining the bid proposals using the criteria stated above, SCE&G selected the bid submitted by Southern Company Services, Inc. ("Southern Company") because it met the

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Company's required need for capacity and offered the greatest value to SCE&G's customers. The capacity and energy that SCE&G will purchase from Southern Company is system firm which means that Southern Company is contractually obligated to deliver the block of power from their full fleet of resources on their generation system when called upon by the Company, and delivery is not contingent upon the availability of a specific unit or units. In addition, Southern Company has agreed to very flexible scheduling provisions regarding this capacity. Further, based upon its creditworthiness, SCE&G expects that Southern Company will perform all of its contractual obligations.

In summary, Southern Company and SCE&G have agreed to terms that bring exceptional value and reliability to the Company and its customers. As of April 18, 2008, SCE&G and Southern Company have executed the documents necessary to effectuate this transaction.

If you have any questions, please do not hesitate to contact us.

Very truly yours,


K. Chad Buigess

KCB/kms

cc: Shannon Bowyer Hudson, Esquire (via hand delivery)